

Peter Szanto 949-887-2369  
11 Shore Pine  
Newport Beach CA 92657

# U.S. BANKRUPTCY COURT

## DISTRICT OF OREGON

1001 SW 5th Ave #700 Portland, OR 97204 (503) 326-1500

**# 16 –bk-33185 pcm7**

**In Re Peter Szanto, Debtor**

**DEBTOR’S OPPOSITION**  
**To Chapter 7 Trustee’s Request for**  
**Further Compensation and**  
**Debtor’s Opposition to Trustee’s**  
**De Facto Desire for Absolution from**  
**Liability and Responsibility for**  
**1) Mismanagement of Debtor’s**  
**Estate’s Assets,**  
**2) Misappropriation of Debtor’s**  
**Estate’s Assets,**  
**3) Malfeasance in the Office of**  
**Trustee**  
**4) Dereliction of the Duties**  
**of Chapter 7 Trustee**

**EVIDENTIARY HEARING is REQUESTED**

1  
2 May it please this Honorable Court. Comes now debtor responding  
3 to the Trustee's most recent and impassioned desire for yet more money  
4 for himself and his law firm and for more money for Mr. Blackledge and  
5 Mr. Blackledge's Law firm (whereat Mr. Blackledge has most recently  
6 bought himself a partnership). (DE 689, 690, 691, 692).

7  
8 **1. FACTS**

9  
10 **Mr. Arnot and Mr. Blackledge want another pay day!!!!**

11  
12 They already know that Judge McKittrick will not refuse them!

13  
14 As a matter of **FACT**, the moment that this Bankruptcy became a  
15 feast of unrestrained Trustee's demands for costs, fees and expenses was  
16 when Judge McKittrick began making decisions based on Peter Szanto's  
17 demeanor. Judge McKittrick has enunciated his disdain for Szanto's  
18 demeanor many many many times from the bench.

19  
20 Nowhere in the United States is there a body of law encompassing  
21 a litigant's demeanor. Nor is there written *stare decisis* based on judicial  
22 decisions which have codified any proper adjudicative assessment of any  
23 litigant's demeanor. Nor is there any law school in the United States which  
24 teaches a curriculum of study by which to asses a litigant's demeanor or  
25 appearance *vis-à-vis* the laws of the United States so as to reach valid

1  
2 legal conclusions, reasonable understanding or logical deductions.  
3

4 In short, when Judge McKittrick made clear his intent to adjudicate  
5 debtor Szanto based on Szanto's physical appearance, Trustee Arnot  
6 **"knew that the banquet was on the table – come and get it!!"** – and that  
7 he would be able to enjoy an unending and sumptuous repast of fees,  
8 costs and expenses based only on Judge McKittrick's assessment of  
9 Szanto's physical and facial characteristics!!  
10

11 Now, for the 5<sup>th</sup> time in this Bankruptcy, Mr. Arnot seeks to parlay  
12 the fact that Judge McKittrick will grant him anything and everything into  
13 another lavish payday!  
14

15 Mr. Arnot already knows the Court will not disappoint him.  
16

17  
18 **2. GROUNDS for OPPOSITION**  
19

20 Mr. Arnot's demands for fees, costs and expenses are over-  
21 whelming, as such this opposition is intended as preliminary to the  
22 setting of an evidentiary hearing such that debtor can properly investigate  
23 the demands for compensation and conduct discovery regarding whether  
24 or not the matters stated in the Trustee's request actually occurred and  
25 whether the Trustee actually expended the hours he claims.  
26

1  
2 There are a multitude of fees which Mr. Arnot seeks for activities  
3 which have nothing to do with debtor: 1) Susan Szanto's claims. 2) Action  
4 against HSBC Bank, 3) Action against the Yankee Trust Testamentary  
5 entity. In all three of these actions debtor contends that liability for fees or  
6 costs lies with the contra party and not with debtor. These matters will be  
7 further exemplified for the evidentiary hearing.  
8

9 There are many questionable, **likely non-existent**, matters which  
10 Mr. Arnot has submitted in his demand for money: one example is at  
11 (DE 691, p. 32) whereat Mr. Arnot seeks money for color photo copies and  
12 faxes. Debtor cannot recall any color photo copies in this case, and can  
13 think of no grounds upon which those would be more helpful than black  
14 and white photo copies. Debtor believes the color photo copies are an  
15 absolute lie, a fabrication and a falsehood.  
16

17 Likewise, a charge for faxing is absurd. No one sends faxes  
18 anymore. Everything is digitized and sent by e-mail. Likely another fib.  
19

20 Most likely, as a most law firms, there is a standard costs and  
21 expenses accounting sheet prepared for Courts who are friendly with the  
22 law firm. The law firm merely "updates" the costs and expenses for the  
23 next victim to be "held-up" for non-existent fees, by ticking costs that seem  
24 real. Here, probably Mr. Arnot's law firm did not remove faxes and color-  
25 copies from their standard costs sheet, because they know these will just  
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1  
2 “blow by” a judicial officer’s legal assistant without thought, because of the  
3 law firm’s stature and reputation.  
4

5 Here, the touchstone of jurisprudence is relied upon: if a person is  
6 lying about some minor things, he is likely lying about **many other bigger**  
7 **things**. Upon that ground, because the color-photocopies and faxes are  
8 such transparent falsehoods, debtor contends that likely most of the  
9 claimed fees and expenses are also phony and simply fabricated. Mr.  
10 Arnot knows he can get away with such “novelization” of his actual efforts.  
11 Debtor asks for setting of an evidentiary hearing such that these matters  
12 can be fully investigated and truthful evidence presented.  
13

### 14 **3. MEMORANDUM in RESPONSE**

#### 15 **a. Mr. Arnot and Mr. Blackledge are Not Disinterested**

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17  
18 11 USC 328(c) allows denial of compensation when:

19  
20 such professional person is not a disinterested person, or represents or  
21 holds an interest adverse to the interest of the estate with respect to the  
22 matter on which such professional person is employed

23 In this Bankruptcy neither Mr. Arnot nor Mr. Blackledge are  
24 disinterested, because they both have as their ultimate, defined goal the  
25 eradication of Susan and Peter Szanto and acquisition of all of debtor’s  
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1  
2 money.

3  
4 Neither of these attorneys has as their goal anything else except to  
5 “milk” the Estate of Peter Szanto for their own personal self-enrichment.

6  
7 This has been demonstrated repeatedly by the Trustee and his  
8 counsel taking steps to block debtor’s ability to obtain evidence by  
9 subpoenas debtor issued (IE, subpoena recipients have told debtor that  
10 they were admonished by Mr. Arnot not to respond, in any event, to  
11 debtor’s subpoenas). Rather than allowing debtor freely to obtain evidence  
12 to rebut the Trustee’s contentions about failure to turn over assets, the  
13 Trustee blocked all of debtor’s efforts to rebut those scurrilous and false  
14 allegations. Mr. Arnot did this solely for the purposes of self-enrichment  
15 which accrues to him through massive charges for legal services which  
16 were, and are, unnecessary, had Mr. Arnot sought to obtain accurate  
17 information in the first instance.

18 This evidence of self-enrichment is likely similar in the present  
19 request for compensation wherein Mr. Arnot has alleged massive legal  
20 services which are unrelated to debtor’s actions. The estate should  
21 not be forced to pay for these self-enrichment efforts by Mr. Arnot which  
22 are wholly unnecessary to the effective carrying-out of Mr. Arnot’s Chapter  
23 7 duties.

1  
2 Mr. Blackledge is likewise not a disinterested actor in this  
3 Bankruptcy. Mr. Blackledge has told debtor that he has known Judge  
4 McKittrick for more than 30 years. Mr. Blackledge has also told debtor  
5 that he and Judge McKittrick have worked together on a multitude of  
6 Bankruptcy case.

7  
8 Debtor contends that this likewise makes Mr. Blackledge not a  
9 disinterested party, because Mr. Blackledge can rely on 30 years of  
10 friendship and camaraderie with the Court to gloss over any falsification or  
11 fabrication he might make against debtor. (IE, there is never a chance that  
12 Judge McKittrick will believe debtor rather than Mr. Blackledge, thus Mr.  
13 Blackledge can say and do what he pleases without consequence.)

14 A good example of Mr. Blackledge's efforts at self-enrichment  
15 through unnecessary litigation and fees occurred when Susan Szanto  
16 became ill prior to her creditor claim hearing. Mr. Blackledge knew about  
17 Mrs. Szanto's illness long before the Court. Rather than agree to an  
18 extension of the hearing based on the fact that Mrs. Szanto was near  
19 death, Mr. Blackledge aggressively sought to vanquish a disabled person  
20 who had no physical ability to attend the hearing (of course, the Court co-  
21 operated in Mr. Blackledge's behalf, by disabling its phone call-in system  
22 so that Mrs. Szanto could not even make her apologies to the Court for her  
23 incapacitation impairing her ability to attend the hearing.)

24  
25 Thus, Mr. Blackledge was able to "score" unconscionable fees for a

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27  
28

1  
2 hearing whereat the contra party was hospitalized and unable to attend,  
3 and where the Court facilitated the creditor's inability to participate in the  
4 proceedings. Mr. Blackledge's lack of disinterest is demonstrated by this  
5 very un-American attitude of not even considering the ethical meaning of  
6 failing to provide a person hospitalized and near-death an opportunity to  
7 reschedule a hearing whereat money in excess of \$3 million was at stake.

8  
9  
10 **b. Mr. Arnot and Mr. Blackledge's Interests are Materially**  
11 **Adverse to Those of Peter Szanto's Bankruptcy Estate**

12  
13 11 USC 101(14)(c) defines disinterested person as a person who:

14  
15 **does not have an interest materially adverse to the interest of the estate or**  
16 **of any class of creditors or equity security holders, by reason of any direct**  
17 **or indirect relationship to, connection with, or interest in, the debtor, or for**  
**any other reason.**

18 Here debtor prays an evidentiary hearing whereat he is allowed to  
19 present evidence that Mr. Arnot and Mr. Blackledge have **only adverse**  
20 **interests** to those of debtor and are no longer fulfilling the duties of  
21 Chapter 7 Trustee.

22  
23 Debtor bases this allegation on the incredible amount of fees  
24 which have been generated in this case which could have been avoided  
25 by the Trustee having just a modicum of respect for debtor's efforts to be



1  
2 wholly transparent. And objectively examining debtor's evidentiary  
3 contentions, rather than disregarding those proffers of proof in favor of  
4 persons who could not possibly know the truth.

5  
6 Instead, the Trustee has relied on evidence from persons who  
7 could only have been speculating as to their knowledge. Also, the Trustee  
8 has also relied extensively on conclusions from the conversion hearing to  
9 which debtor was not provided an opportunity to rehabilitate himself.

10  
11 In sum all of these actions by Mr. Arnot and Mr. Blackledge go to  
12 creating an adverse relationship with debtor focused solely on the  
13 Trustee's personal-gain and self-enrichment and self-aggrandizement. The  
14 dissipation of the Bankruptcy estate is the sole motivation of the Trustee.

15  
16 **c. Duty of Self-Examination Regarding Disinterest**

17  
18 11 USC 327(a)'s requirement of disinterest is mandatory and  
19 cannot be waived. *In re Gamble* (1998) 219 BR 22. To that extent, the  
20 Trustee must constantly re-evaluate his standing regarding his personal  
21 acquisition of debtor's estate for his own personal gain.

22  
23 The Trustee's duty to remain obligated to the benefit of the  
24 Bankruptcy estate rather than his own self interests is on-going and  
25 requires constant self-scrutiny. *Rome v. Braunstein* (1994) 19 F.3d 54.

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Here debtor contends that Mr. Arnot is no longer focused on his duties as Trustee and is rather focused on personal self-enrichment.

Debtor seeks an evidentiary hearing to demonstrate these facts.

#### **4. Declaration**

1. My name is Peter Szanto.
2. I am the debtor herein.
3. This is my truthful declaration supporting my opposition to the Trustee's efforts at further self-enrichment.
4. Even though Judge McKittrick does not like my demeanor, there is nothing I can do about my appearance.
5. My belief that Mr. Arnot and Mr. Blackledge are purely interested in self-enrichment is based on dozens of conversations with these men.
6. Mr. Arnot and Mr. Blackledge's efforts are always on demeaning me and emphasizing my perceived misdeeds: never, not even once, has there been any effort on finding a way to conclude their intrusion into my personal life.
7. Rather, Mr. Arnot and Mr. Blackledge are continuously coming up with new ways to perpetuate this Bankruptcy.
8. This is emphasized in (DE 692, p.3, #4) wherein Mr. Arnot is already looking forward to hounding me until December 2020.

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1  
2 9. I declare under penalty of perjury under the laws of the United  
3 States that the foregoing is true and correct. Signed at Irvine CA.  
4

5  
6 Dated 3/13/ 2019 /s/ signed electronically Peter Szanto  
7

8 **5. Conclusion**  
9

10 For the reasons enumerated, and other reasons to be explained  
11 by testimony at the hearing, debtor prays denial of all compensation,  
12 because all costs and expenses derive solely from the Trustee's efforts  
13 for personal self-enrichment and not any valid Bankruptcy purpose.  
14

15 Respectfully,  
16

17 Dated 3/13/ 2019 /s/ signed electronically Peter Szanto  
18  
19  
20  
21  
22  
23  
24  
25

1  
2 **PROOF of SERVICE**  
3

4 My name is Maquisha Reynolds, I am over 21 years of age and not a party to  
5 the within action. My business address is PO Box 14894, Irvine CA 92623  
6

7 On the date indicated below, I personally served the within: **Objection**  
8 on the following by placing in postage pre-paid envelopes of the within  
9 document and mailing same:

- 10 a. Internal Revenue Service, PO Box 7346, Philadelphia PA 19101  
11 b. First Service Residential, 15241 Laguna Canyon Rd, Irvine CA 92618  
12 c. JPMorgan Chase Bank, represented by:  
13 Gadi Shahak c/o Shapiro & Sutherland  
14 1499 SE Tech Center Place, Suite 255 , Vancouver, WA 98683  
15 d. Bank of America, c/o McCarthy & Holthus 920 SW 3<sup>rd</sup> Av., Portland OR 97204  
16 e. Oregon Department of Revenue, 955 Center St., Salem OR 97301  
17 f. Chapter 7 Trustee, Stephen P Arnot, PO Box 1963, Lake Oswego OR 97035  
18 g. Susan Szanto - 11 Shore Pine, Newport Beach CA 92657  
19 h. Office of the US Trustee, 620 SW Main Street, Suite 213, Portland, OR 97205  
20 by mailing copies to the above parties *via* 1<sup>st</sup> class mail, postage prepaid, or by  
21 e-mail.  
22

23 I declare under penalty of perjury under the laws of the United States  
24 that the foregoing is true and correct. Signed at Irvine CA.  
25

26 Dated 3/13/ 2019 /s/ signed electronically M. Reynolds  
27  
28